

If you worked for a federal, state or local government where you did not pay Social Security taxes, the pension you receive from that agency may reduce any Social Security benefits for which you are qualified.

There are two laws that may reduce your benefits. One of them, Windfall Elimination Provision, affects the way your Social Security retirement or disability benefits are figured. The second law, Government Pension Offset, affects Social Security benefits you receive as a spouse or widow(er).

#### **THE WINDFALL ELIMINATION PROVISION (WEP)**

This provision of law reduces Social Security benefits for workers who have less than 30 years of “**substantial coverage**” under Social Security and who have earned a retirement benefit from employment not covered by Social Security; for example, Civil Service Retirement System (CSRS) service. If you are subject to the WEP, your Social Security benefit will be figured using a modified benefit formula that will result in your benefit being lower than the amount that is shown on your Social Security Statement (formerly a Personal Earnings and Benefits Estimate Statement).

**Example:** Suppose that your average indexed monthly earnings for Social Security are \$1000. The regular formula for computing Social Security benefits produces a benefit of \$567 per month. However, when the full windfall reduction is applied, the monthly benefit becomes \$354.

**Can I Avoid the WEP Reduction?** Maybe. The primary way to avoid the WEP reduction is by accumulating 30 years of substantial earnings that are covered by Social Security. If you are under the CSRS Offset or Federal Employees Retirement System (FERS) you already have Social Security coverage.

The attached Social Security Administration (SSA) information sheet, A Pension From Work Not Covered By Social Security, provides more information about the WEP.

#### **THE GOVERNMENT PENSION OFFSET (GPO)**

The GPO, is a second provision of the Social Security law that affects many Federal employees who are entitled to a pension based on work in a Federal, State, or local government that was not covered by Social Security, such as CSRS. It also affects employees who transfer to FERS, but do not work for 5 years under FERS. The GPO

does not affect employees who were required by law to have Social Security coverage - such as employees who were automatically covered by FERS without electing it, and people with CSRS Offset coverage.

The GPO affects the Social Security benefits you may be entitled to as a spouse, former spouse, or surviving spouse of someone who is eligible for a full Social Security benefit. Under the GPO, your Social Security spousal benefit will be reduced by \$2 for every \$3 you receive from your CSRS annuity. Your own Social Security Statement will not give you information about the impact of the GPO. You need to review your spouse's Social Security Statement, which will give you information about your spousal benefit and adjust that amount.

Example: Suppose you are eligible for a \$600 Social Security spousal benefit, and that you receive a CSRS annuity of \$1,200 a month. The GPO would be two thirds of your monthly \$1,200 CSRS benefit, or \$800. Since the offset amount is larger than your \$600 Social Security benefit, your Social Security benefit would be eliminated.

Can I Avoid the Government Pension Offset? Maybe. If you leave Federal service and return to a CSRS-covered appointment after more than 365 days, you would be required by law to have Social Security coverage, so you would have CSRS Offset coverage. In this case, you would be exempt from the GPO. In addition, employees who transfer to FERS and work for 5 or more years under FERS are exempt from the GPO.

The attached SSA information sheet, Government Pension Offset, provides more details about the GPO.

### **COMPUTING YOUR OWN BENEFIT**

The SSA has an interactive web site at <http://www.ssa.gov/retire/> to help you estimate your Social Security earnings. To get the most accurate estimate you will need your Social Security Statement. The fastest way to obtain a Social Security Statement is to visit the web site at <https://s00dace.ssa.gov/pro/batch-pebes/bp-7004home.shtml> to request one online. This will provide you with quick turnaround, usually 2-4 weeks. You may also use a Request for Earnings and Benefits Estimate Statement, SSA-7004, to request a Social Security Statement by mail.

### **QUESTIONS ABOUT SOCIAL SECURITY**

Additional information about Social Security benefits is available from the SSA web site at <http://www.ssa.gov/>, the SSA toll free number at 1-800-772-1213 or from a local SSA office.

## PRIVACY ACT STATEMENT

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